

Message Text

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E.O. 11652: GDS

TAGS: ECON, JA

SUBJECT: JAPAN'S SEPT 2 STIMULUS PACKAGE

REF: (A) TOKYO 15906; (B) TOKYO 15904; (C) STATE 222424

1. APPRECIATE EMBASSY'S EXCELLENT RESPONSE (REFS A AND B)
TO OUR EARLIER REQUEST FOR QUICK ANALYSIS OF JAPAN'S
SEPT 2 STIMULUS PACKAGE.
 2. EMBASSY NOTED (REF A) THAT NUMBERS FOR SUPPLEMENTAL
HAD NOT BEEN WORKED OUT AND RELEASED, BUT THAT NUMBERS
PROVIDED WERE EMBASSY UNDERSTANDING OF THE PACKAGE. WOULD
APPRECIATE RECEIVING ANY REVISED NUMBERS WHICH MAY HAVE
BEEN RELEASED AND SOME CLARIFICATION.
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PAGE 02 STATE 228536

3. WHAT IS THE TOTAL FIGURE FOR PUBLIC WORKS PROJECTS?
REFTEL A (PARA 2) NOTES YEN 660 BILLION; REFTEL B NOTES
830 BILLION. HOW DOES THIS BREAK DOWN INTO EXPENDITURES
BY THE GENERAL ACCOUNT, FILP, AND LOCAL GOVERNMENTS?
4. WHAT ARE THE "PUBLIC WORKS TO BE FUNDED IN FOLLOWING

YEAR" (REF A PARA 2)?

5. TOTAL ADDITIONAL HOUSING DEMAND IS NOTED AS YEN 840

BILLION (REF A, PARA 2), WITH 400 BILLION YEN COMING FROM THE HOUSING LOAN CORP. (A) IS IT CORRECT TO ASSUME THAT 300 BILLION OF THE HOUSING LOAN CORP.'S 400 BILLION IS SOURCED FROM THE FLIP (REF A, PARA 6)? WHAT IS THE SOURCE OF THE BALANCE OF 100 BILLION YEN? (B) WE ASSUME 400 BILLION YEN IN PUBLIC HOUSING CORP. EXPENDITURE GENERATES AN ADDITIONAL 440 BILLION IN PRIVATE DEMAND BECAUSE INDIVIDUAL HOUSING UNITS ARE FINANCED BY A COMBINATION OF PRIVATE AND PUBLIC LOAN SOURCES? IS THIS CORRECT?

ARE THERE EXPECTATIONS OF A DISPLACEMENT EFFECT OF PRIVATE BY PUBLIC FUNDS?

6. PLEASE ELABORATE ON THE MULTIPLIER ASSUMPTION OF 1.2.

7. SINCE NO ADDITIONAL DEFICIT FINANCING APPEARS TO HAVE BEEN CREATED BY THE YEN 600 BILLION GENERAL ACCOUNT EXPENDITURE, WE WOULD LIKE TO KNOW WHETHER THE PREVIOUSLY BUDGETED FUNDS THAT WERE USED TO COVER THIS EXPENDITURE WOULD HAVE BEEN SPENT OTHERWISE. IF NOT, HAS THE STIMULATORY EFFECT OF THESE FUNDS AS ORIGINALLY CONTAINED IN THE LIMITED OFFICIAL USE

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PAGE 03 STATE 228536

FY 1978 BUDGET BEEN DISCOUNTED?

8. HOW MUCH OF REFTEL A PARA 6 ITEM 1B IS FOR RICE SUBSIDY AND HOW MUCH FOR OVERSEAS AID?

9. THE FLIP EXPENDITURE APPEARS TO BE FUNDING FOR OTHER PROJECTS RATHER THAN DIRECT DISBURSEMENT. DOES THE 250 BILLION YEN OF FLIP LOCAL GOVERNMENT BONDS PURCHASE ACT AS THE FUNDS SOURCE FOR PART OF THE YEN 320 BILLION IN LOCAL GOVERNMENTS' INDEPENDENT PROJECTS? IS THE YEN 50 BILLION IN JNR LOANS A FUNDS SOURCE FOR PART OF THE YEN 90 BILLION IN JNR/NTT EXPENDITURE?

10. SINCE FLIP IS FUNDED THROUGH THE POSTALSAVINGS TRUST FUND, HOW DOES THIS ULTIMATELY TRANSLATE INTO ADDITIONAL GOJ DEFICIT?

11. GIVEN THE INTEREST IN THE SEPT 2 MEASURES, WOULD APPRECIATE EMBASSY RESPONSE AS SOON AS POSSIBLE. CHRISTOPHER

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